

TOWN OF MOUNTAIN VIEW

Report on the Audit of the
Financial Statements
as of and for the twelve months ended
June 30, 2013

DAVID O. TATE
Certified Public Accountant
Mangum, Oklahoma 73554

Town of Mountain View, Oklahoma
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David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report

The members of the governing body
of the Town of Mountain View, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Mountain View, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the town's basic financial statements as listed in the table of contents.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining aggregate fund information of the Town of Mountain View, Oklahoma, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 1, 2013, on my consideration of the Town of Mountain View, Oklahoma's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mountain View, Oklahoma's internal control over financial reporting and compliance.

Management has elected not to include required supplementary information, management's discussion and analysis and budgetary information, as indicated in Governmental Accounting Standards Board Statement 34.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial "D" and "T".

Certified Public Accountant
August 1, 2013

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards

The members of the governing body
of the Town of Mountain View, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Mountain View, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Mountain View, Oklahoma's basic financial statements, and have issued my report thereon dated August 1, 2013.

Internal control over financial reporting

In planning and performing my audit of the financial statements, I considered the Town of Mountain View, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mountain View, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Mountain View, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of Mountain View, Oklahoma's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "David O. Tate".

Certified Public Accountant
August 1, 2013

Town of Mountain View, Oklahoma
Statement of Net Position-Modified Cash Basis
June 30, 2013

Primary Government				
	Governmental activities	Business-type activities	Total	
Assets				
Cash and cash equivalents	155,078	265,273	420,351	
Certificates of deposit	54,679	46,007	100,686	
Account receivable		177	177	
Restricted assets:				
Cash		17,591	17,591	
Property and equipment, net of accumulated depreciation	64,365	320,314	384,679	
Deposits with third party administ	12,788		12,788	
Total assets	286,910	649,362	936,272	
Liabilities				
Current liabilities:				
Accounts payable	250		250	
Notes payable			-	
Total current liabilities	250	-	250	
Long-term liabilities (Note 3)				
Notes payable			-	
Refundable deposits		17,591	17,591	
Total long-term liabilities	-	17,591	17,591	
Total liabilities	250	17,591	17,841	
Net position				
Invested in capital assets, net of related debt	64,365	320,314	384,679	
Restricted		17,591	17,591	
Unrestricted	222,295	293,866	516,161	
Total net position	286,660	631,771	918,431	
Total liabilities and net position	286,910	649,362	936,272	
See the accompanying notes to the basic financial statements				

							Exhibit B
Town of Mountain View, Oklahoma							
Statement of Activities-Modified Cash Basis							
For the twelve months ended June 30, 2013							
			Program	Net (expense) revenue and changes			
			revenues	in net assets			
				Primary government			
			Charges for	Operating	Governmental business-type		
Functions/programs	Expenses		services	grants	activities	activities	Total
Primary government							
Governmental activities							
Public safety	66,145		25,009	7,276	(33,860)		(33,860)
General government	235,108		13,423	10,310	(211,375)		(211,375)
Total governmental ac	301,253		38,432	17,586	(245,235)		(245,235)
Business-type activities							
Utility services	200,527		306,182			105,655	105,655
Total business-type a	200,527		306,182	-		105,655	105,655
Total primary governme	501,780		344,614	17,586	(245,235)	105,655	(139,580)
			General revenues				
			Taxes:				
			Sales taxes		136,976		136,976
			Use taxes		16,509		16,509
			Tobacco tax		1,815		1,815
			Payments in lieu of taxes		2,149		2,149
			Alcoholic beverage tax		11,294		11,294
			Gasoline excise tax		1,464		1,464
			Commercial motor vehicle tax		5,616		5,616
			Cemetery lots		912		912
			Frachise taxes		10,479		10,479
			Investment income		159	56	215
			Donations		350		350
			Recoveries/restitution		2,992		2,992
			Transfers in (out)		76,060	(76,060)	-
			Other		10,411		10,411
			Total general revenues		277,186	(76,004)	201,182
			Change in net position		31,951	29,651	61,602
			Net position, July 1, 2012		254,709	602,120	856,829
			Net position, June 30, 2013		286,660	631,771	918,431
See the accompanying notes to the basic financial statements							

							Exhibit C
Town of Mountain View, Oklahoma							
Balance Sheet-Modified Cash Basis							
Governmental Funds							
June 30, 2013							
						Other	
			General	Cemetery	Street and	governmental	
			fund	fund	alley fund	funds	Total
Assets							
Cash and cash equivalents			97,066	23,452	27,774	6,787	155,079
Certificates of deposit				29,104	25,575		54,679
Deposits with third party administr			12,788				12,788
Total assets			109,854	52,556	53,349	6,787	222,546
Liabilities and Fund Balances							
Current liabilities:							
Notes payable							-
Accounts payable			50			200	250
Total current liabilities			50	-	-	200	250
Long-term liabilities:							
Notes payable							-
Total long-term liabilities			-	-	-	-	-
Total liabilities			50	-	-	200	250
Fund balances:							
Restricted							-
Unrestricted			109,804	52,556	53,349	6,587	222,296
Total fund balance			109,804	52,556	53,349	6,587	222,296
Total liabilities and fund balance			109,854	52,556	53,349	6,787	222,546
Reconciliation to Statement of Net Position:							
Amounts reported for governmental activities in the statement of							
net position are different because:							
Amounts expended for capital outlays will not be financial resources							
and, therefore, are not reported in the funds							
Capital assets used in governmental activities of \$104,146 net of							
accumulated depreciation of \$39,781							
are not financial resources and are not reported in the funds							64,365
Net position of governmental activities							286,661
See the accompanying notes to the basic financial statements							

Town of Mountain View, Oklahoma						
Statement of Revenues, Expenditures, and Changes in Fund Balances-						
Modified Cash Basis-Governmental Funds						
For the twelve months ended June 30, 2013						
					Other	
		General	Cemetery	Street and	governmental	
		fund	fund	alley fund	funds	Total
Revenues:						
Sales taxes		136,976				136,976
Use taxes		16,509				16,509
Tobacco taxes		1,815				1,815
Payments in lieu of taxes		2,149				2,149
Alcoholic beverage tax		11,294				11,294
Gasoline excise tax				1,464		1,464
Commercial motor vehicle tax				5,616		5,616
Cemetery lots			912			912
Opening/closing graves			6,063			6,063
Franchise taxes		10,479				10,479
Investment income		9	150			159
Donations			200		150	350
Municipal court fines and forfeiture		25,009				25,009
Rents/charges for services		6,484		876		7,360
Recoveries/restitution		2,992				2,992
Grants		22,434			3,085	25,519
Other		2,478				2,478
Total revenues		238,628	7,325	7,956	3,235	257,144
Expenditures:						
Public safety:						
Personal services		43,534				43,534
Maintenance/operation		17,369				17,369
Capital outlay		5,466				5,466
Total public safety expenditures		66,369	-	-	-	66,369
General government:						
Personal services		200,760			7,419	208,179
Maintenance/operation		15,388	6,809		3,243	25,440
Capital outlay						-
Total general government expend		216,148	6,809	-	10,662	233,619
Total expenditures		282,517	6,809	-	10,662	299,988
Excess (deficiency) of revenues over expenditures						
and changes in fund balance		(43,889)	516	7,956	(7,427)	(42,844)
See the accompanying notes to the basic financial statements						

Town of Mountain View, Oklahoma					
Statement of Revenues, Expenditures, and Changes in Fund Balances-					
Modified Cash Basis-Governmental Funds					
For the twelve months ended June 30, 2013					
				Other	
	General	Cemetery	Street and	governmental	
	fund	fund	alley fund	funds	Total
Other financing sources (uses):					
Operating transfers in	68,000			8,060	76,060
Operating transfers (out)					-
Total other financing sources (uses):	68,000	-	-	8,060	76,060
Net changes in net assets	24,111	516	7,956	633	33,216
Fund balances, July 1, 2012	85,693	52,040	45,393	5,954	189,080
Fund balances, June 30, 2013	109,804	52,556	53,349	6,587	222,296
Net change in fund balances-total governmental funds					33,216
Reconciliation to the Statement of Activities					
Amounts reported for governmental activities in the Statement of Activities are different because:					
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditure over the life of the assets:					
Capital outlays					5,466
Depreciation expense					(6,731)
					(1,265)
Change in Net Position of Governmental Activities					31,951
See the accompanying notes to the basic financial statements					

Town of Mountain View, Oklahoma
Statement of Net Position-Modified Cash Basis
Proprietary Fund
June 30, 2013

						Mountain View
						Public
						Works
						Authority
						Enterprise fund
Net position						
Invested in capital assets, net of related debt						320,314
Restricted						17,591
Unrestricted						293,866
Total net position						631,771
Total liabilities and net position						649,362

See the accompanying notes to the basic financial statements

Town of Mountain View, Oklahoma					
Statement of Revenues, Expenses, and					
Changes in Net Position-Modified Cash					
Basis-Proprietary Fund					
For the twelve months ended June 30, 2013					
					Mountain View
					Public
					Works
					Authority
					Enterprise fund
Operating revenues:					
Utility services				306,182	
Cost of utility services				54,038	
Gross margin on utility services				252,144	
Intergovernmental revenues					
Total operating revenues				252,144	
Operating expenses:					
Repairs/maintenance				18,847	
Depreciation				28,536	
Salaries/wages/taxes/fringe benefits					
Utilities				21,744	
Supplies				21,845	
Fuel				14,943	
Insurance				8,218	
Administration				-	
Fees				804	
Other				31,552	
Total operating expenses				146,489	
Net operating income (loss)				105,655	
Non-operating revenues (expenses):					
Operating transfers in (out)				(76,060)	
Investment income				56	
Interest expense					
Total non-operating revenues (expenses)				(76,004)	
Net income (loss) and change in net assets				29,651	
Net position, July 1, 2012				602,120	
Net position, June 30, 2013				631,771	
See the accompanying notes to the basic financial statements					

Town of Mountain View, Oklahoma
Statement of Cash Flows-Modified Cash Basis
Proprietary Fund
For the twelve months ended June 30, 2013

	Mountain View Public Works Authority Enterprise fund
Cash flows from operating activities	
Receipts from customers/others	306,182
Payments to suppliers	(171,991)
Payments to employees	
Net cash provided by (used in) operating activities	<u>134,191</u>
Cash flows from capital and related activities:	
Operating transfers in (out)	(76,060)
Principal paid on notes payable	
Interest paid	
Purchases of capital assets/work in progress	<u>(7,500)</u>
Net cash provided by (used in) capital and related financing activities	<u>(83,560)</u>
Cash flows from investing activities:	
Interest earned	<u>56</u>
Net cash flows provided by (used in) investing activities	<u>56</u>
Net increase (decrease) in cash and cash equivalents	50,687
Balance, July 1, 2012	<u>278,184</u>
Balance, June 30, 2013	<u><u>328,871</u></u>
See the accompanying notes to the basic financial statements	

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies:

- A. **Summary of Significant Accounting Policies.**
As discussed further in Note 1. D., these financial statements are presented on a modified cash basis of accounting. This modified cash basis differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

- B. **Financial Reporting Entity.**
The Town's financial reporting entity is composed of the following:
Primary government: Town of Mountain View
Blended component units: Mountain View Public Works Authority

In determining the financial reporting entity, the Town of Mountain View complies with the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity".

Blended Component Unit.

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component units' governing bodies are the same or substantially the same as the governing body of the primary government, or the component unit provides services entirely to the primary government. The component units' funds are blended into those of the Town of Mountain View by appropriate fund type to constitute the primary government presentation. The blended component unit is the Mountain View Public Works Authority. The fund is included in the Mountain View Public Works Authority Enterprise Fund.

The component units do not issue separately audited component unit financial statements.

- C. **Basis of Presentation**

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies (continued):

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Town of Mountain View presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The general fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Cemetery Fund

The cemetery fund is used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes (cemetery maintenance or expansion) or designated to finance particular functions or activities.

Street and Alley Fund

The other fund included in the governmental funds is the street and alley fund. This fund is used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes (maintenance of streets and alleys) or designated to finance particular functions or activities.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies (continued):

Proprietary Funds

Enterprise fund.

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Mountain View Public Works Authority to account for activities of the public trust in providing water, wastewater, and sanitation services to the public.

D. Measurement Focus and Basis of Accounting.

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

1. All governmental funds used a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
2. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies (continued):

Basis of accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, proprietary fund statements, and the similar discretely presented component unit statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the Town utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting.

E. Assets, Liabilities, and Equity

Cash and cash equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments

If investments were classified in the financial statements, they would consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments, when applicable, are carried at cost, which approximates fair value.

Capital assets

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies (continued):

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Management has not recorded all general infrastructure assets, buildings and equipment acquired and/or constructed, in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets, buildings and equipment be capitalized and depreciated, which would increase the assets, net position, and expenses of the government activities. However, most of these assets would be fully depreciated and while the net effect on the assets, net assets, and expenses of the government activities is not known, it is not expected to be material.

Fund Financial Statements

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies (continued):

2. Restricted net position-Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments or by law through constitutional provisions or enabling legislation.
3. Unrestricted net position-All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

It is the Town's policy to first use unrestricted net assets prior to the use of restricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Government fund equity is classified as fund balance. Proprietary fund equity is classified the same as in government-wide statements.

F. Revenues, Expenditures, and Expenses

Program revenues

In the Statement of Activities, modified cash basis revenues are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity:

General government	Taxes and other revenue
--------------------	-------------------------

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating revenue and expenses

Operating revenues and expenses for proprietary funds and the similar discretely presented component units (if applicable) result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies (continued):

G. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the financial statements have been eliminated or reclassified.

Fund financial statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans-Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

Interfund services-Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

3. Interfund reimbursements-Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

4. Interfund transfers-Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-wide financial statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances-Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities-Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 1-Significant Accounting Policies (continued):

3. Primary government and component unit activity and balances-Resource flows between the primary government (the Town and Municipal Authority) and the discretely-presented component unit, if any, are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

H. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2-Stewardship, Compliance, and Accountability

By its nature as a local governmental unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations.

Note 3-Detail Notes-Transaction Classes/Accounts:

A. Cash and investments

Custodial credit risk-deposits

The table presented below is designed to disclose the level of custodial risk assumed by the Town based upon how its deposits were insured or secured with collateral at June 30, 2013. The comparison relates to the primary government only. The categories of custodial credit risk are defined as follows:

Category 1	Insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Town (or public trust) or by its agent in its name
Category 2	Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
Category 3	Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agency but not in the Town's name; or properly collateralized with no written and approved collateral agreement.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 3-Detail Notes-Transaction Classes/Accounts (continued):

Primary government

Type of deposits	Total bank balance	Custodial risk category			
		1	2	3	
Insured deposits	538,178	437,492	100,686		
Uninsured deposits:					
Collateralized					
Uncollateralized	-			-	
Total deposits	538,178	437,492	100,686	-	
Total carrying value:					
Petty cash	450				
Total	538,628				
Reconciliation to Government-Wide Statement of Net Position:					
Cash and cash equivalents	437,942				
Investments	100,686				
Total	538,628				

Investments and custodial credit risk

Investments are limited by state law to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that is either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitations, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 3-Detail Notes-Transaction Classes/Accounts (continued):

B. Restricted assets

The amounts reported as restricted assets are composed of amounts held by the Mountain View Public Works Authority for utility deposits (refunded upon termination of service or applied to the final bill) of \$17,951.

C. Capital assets

A summary of the capital assets and the related accumulated depreciation at June 30, 2013 follows:

	Balance			Balance
Description	July 1, 2012	Additions	Retirements	June 30, 2013
Government activities:				
Police cruisers/equipment	45,180	5,466		50,646
Buildings	53,500			53,500
Total property and equipment	98,680	5,466	-	104,146
Accumulated depreciation	33,050	6,731		39,781
Total governmental activities-property and equipment	65,630	(1,265)	-	64,365
Business-type activities:				
Vehicles	57,783	7,500		65,283
Equipment	160,000			160,000
Water/sewer distribution	791,436			791,436
Total property and equipment	1,009,219	7,500	-	1,016,719
Accumulated depreciation	667,552	28,852		696,404
Total business-type activities-property and equipment	341,667	(21,352)	-	320,314

For the twelve months ended June 30, 2013, the sum of \$6,731 was charged against equity in the governmental activities and \$28,852 was charged against equity in the business-type activities.

D. Long-term debt.

Refundable deposits:

Refundable deposits reported as a liability within the statement of net assets are composed of the following:

Utility deposits	\$17,591
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Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 4-Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages these various risks of loss by purchasing commercial insurance. In so doing, each incidence may have a nominal deductible amount that is uninsured, but no material risk of loss is retained.

Note 5-Intergovernmental revenues:

The intergovernmental revenues reported in the financial statements consist of the following:

		Amount received	Amount expended	
	Name of grant			
	Oklahoma Department of Libraries	3,085	3,085	
	Department of Public Safety	7,276	7,276	
	Federal Emergency Management Agency	7,225	7,225	
	Total	17,586	17,586	

Note 6-Deposits with third party administrator:

Funds held by the Oklahoma Municipal Assurance Group consist of:

Escrow funds-Typically past refunds or interest earnings left on deposit with the administrator to be disbursed upon instruction by the governing body.

Rate stabilization reserve-Reserves developed under the premium modification guidelines to be applied against future premium increases.

Loss fund-That portion of premium to pay claims.

The Oklahoma Municipal Assurance Group Workers' Compensation Plan became effective October 1, 1984. The purpose of the plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. A plan year normally begins on July 1 in any year and ends on June 30 of the following calendar year. The plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owned for benefits provided to the municipality or its employees.

Town of Mountain View, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Note 6-Deposits with third party administrator (continued):

A municipality may apply and enter into agreement with the plan to participate in the coverages and services that the plan offers as outlined above. Upon acceptance into the plan, a participant has the responsibility to pay fees set by the plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, a participant in the plan is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have a right to the return of any loss funds set aside for claims, which have not been paid out as benefits.

The amount shown in the financial statements reflect the funds being held by the group for the Town of Mountain View. These funds represent both current and past plan year participation with the loss fund balances in respect to the Town of Mountain View's workers' compensation retention. CompSource Oklahoma provides coverage in excess of these respective retention levels so each participant's liability for claim losses is limited to these retention levels. Failure of CompSource Oklahoma to honor its obligation could result in losses to the plan. However, Oklahoma Municipal Assurance Group's evaluation of the financial condition of CompSource Oklahoma indicates that CompSource Oklahoma is presently financially sound and will be able to meet its contractual obligations.